REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

STUDY OF MUNICIPAL NON-PROFIT HOUSING DELIVERY
FINAL REPORT

SEPTEMBER 15, 1989

EXECUTIVE SUMMARY

Study Objectives and Methodology

This study was commissioned, as part of the review of the Regional Housing Statement, to determine the most effective way of delivering municipal non-profit housing units within Ottawa-Carleton. The specific objectives of the study were as follows:

- to identify and evaluate the effectiveness of the existing system of dispersed delivery, effected through nine Municipal Non-Profit Housing Corporations (MNPCs);
- to identify and evaluate potential improvements to the system, including the option of a Regional Non-Profit Housing Corporation;
- to conclude with recommendations on the future roles and responsibilities of the Region and the area municipalities with regard to the delivery of social housing.

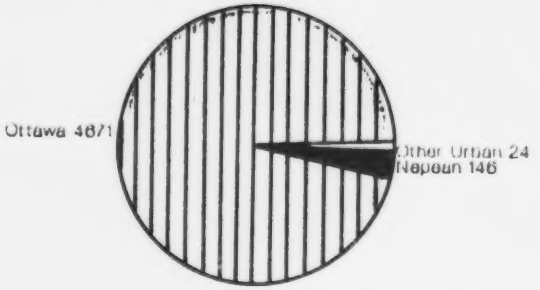
In carrying out the study, Price Waterhouse and The Starr Group met with representatives of the nine MNPCs and of the City of Kanata; representatives of community groups including private non-profit and cooperative producers; regional non-profit corporations in Peel, York and Metropolitan Toronto; and the Ontario Ministry of Housing. We met with a number of members of Regional Council individually or as part of meetings with MNPCs. We also reviewed a wide range of documentation, including relevant sections of the Bartlett Report.

Effectiveness of Existing System

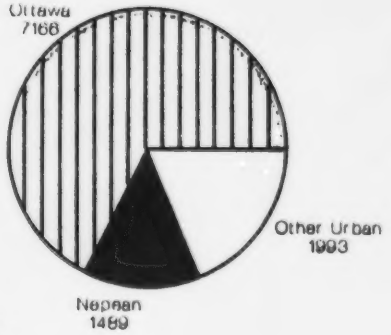
The major issue with respect to the effectiveness of the current system for providing municipal non-profit housing in Ottawa-Carleton is whether the various urban municipalities within the Region are producing an appropriate share of units. The charts on the **following page** compare the shares of Ottawa, Nepean and the other urban municipalities (Gloucester, Kanata, Cumberland, Vanier and Rockcliffe Park) in terms of:

- the existing **supply** of municipal non-profit housing, completed or under construction;
- the **demand** from existing residents for non-profit housing as measured by the Regional Municipality's 1987 survey;
- the **opportunity** to build new housing, approximated by housing starts in 1988;

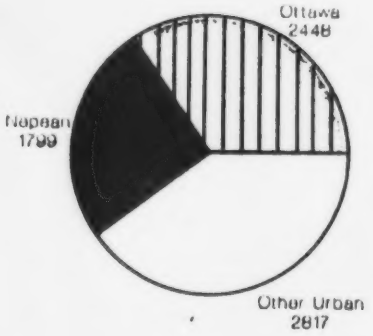
SUPPLY
Municipal Non-Profit Units



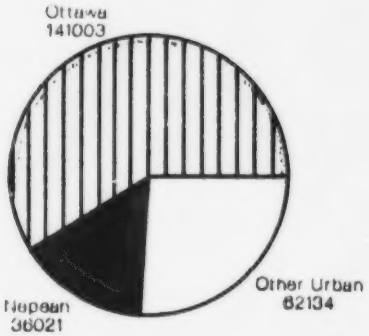
DEMAND
RMOC Survey



OPPORTUNITY
1988 Housing Starts



RESPONSIBILITY
Total Housing Units



- the **responsibility** to provide for affordable housing needs, in accordance with the thrust of the new provincial policy, based on each municipality's proportion of the total housing stock.

It is clear from these graphs, and from the more detailed statistics in the body of the report, that the supply of units in urban municipalities other than Ottawa is seriously inadequate in relation to any of the possible "fair share" criteria. Nepean is the only suburban municipality which has any real track record in non-profit housing. The good intentions and the plans (at various stages of development) which now exist in Gloucester, Vanier and Cumberland are encouraging, but not conclusive proof of effectiveness. Kanata and Rockcliffe Park have not established MNPCs.

Financial Performance

In recent years, MNPC units have generally been developed under agreements which commit the federal and provincial governments to cover any and all deficits which may be incurred. Thus there is no direct financial input from the local level under these programs. All MNPCs within the Region, and regional corporations elsewhere in Ontario, have been able to function within the budgetary limits set by senior levels of government.

The financial situation of City Living, the City of Ottawa's MNPC, is more complex because it has a wider range of programs. In particular:

- projects built under the older Limited Dividend and Community Sponsored Housing programs have accumulated deficits and are in need of renovations;
- Ottawa has contributed financially to programs not supported by senior levels of government, such as rooming houses and, until recently, rent subsidies for single people aged 50 to 59;
- the City equity fund provides capital for projects not funded under provincial programs, or to supplement such funding.

In other words, the deficits and subsidies related to City Living are the result of policy decisions or historical factors, and are not evidence of mismanagement.

Rural Municipalities

The report deals separately with the urban and rural areas of the Region because housing markets in rural areas tend to be localized. It is reasonable to say that the number of social housing units to be built in a rural municipality (or a small group of neighbouring municipalities) should be based on the number of families or individuals already resident in that municipality who qualify and have expressed an interest in renting such units.

Moreover, we do not believe that the creation of an RNPC which would include both the urban and rural areas of the Region has any significant advantages. The inclusion of rural areas in an RNPC would have the following disadvantages:

- local volunteer involvement on Boards of Directors would be lost, and the commitment of communities to these projects would be put in doubt;
- given the small scale (24-48 units) and dispersed location of these projects, centralization of administration and maintenance would offer little financial benefit, and could well increase costs;
- except in areas where piped water and sewer services are available, the development of large family-oriented projects which might require greater staff capabilities is not practical.

We therefore recommend that, **unless the municipal councils concerned request otherwise, the MNPCs which operate the existing seniors housing projects in Goulbourn, West Carleton, Osgoode, Rideau and the rural portion of Cumberland remain independent of any RNPC that may be created.**

An Urban Area Regional Non Profit Housing Corporation

We recommend that **the Regional Municipality of Ottawa-Carleton create an RNPC with a mandate to build and manage non-profit housing throughout the urban area served by the Region's main piped water and sewer systems. The Region should invite urban area municipalities to transfer the assets, staff and unit allocations of existing MNPCs to the RNPC. If an area municipality chooses not to transfer its MNPC, and the MNPC is effective in delivering non-profit housing for a broad range of target groups within that municipality, the RNPC should not be active within that municipality. It should, however, seek allocations to build non-profit housing in urban**

municipalities which do not have MNPCs[1], or where the MNPCs (or private non-profits active in that municipality) are not effective in building and operating a "fair share" of non-profit housing.

An urban area RNPC has a number of important potential advantages:

- By establishing a delivery mechanism of its own, Regional Council could act to ensure that region-wide goals with respect to the availability of affordable housing were met and that each area municipality would have its "fair share" of new non-profit housing.
- A regional body might take a more determined approach in "selling" the concept of non-profit housing to concerned residents, and be less influenced than area municipality MNPCs by "not in my back yard" considerations.
- Established non-profit housing sponsors with proven track records (such as Ottawa and Nepean) are better able to secure large allocations of housing units. This can include reserved multi-year allocations of housing units, which permit corporations to plan ahead and to modify their plans if difficulties or delays are encountered with respect to a particular proposed project. Assuming that the City of Ottawa would be willing to transfer City Living to an RNPC, giving it a critical mass of staff and a track record in the eyes of senior levels of government, an RNPC should be in a position to secure allocations (including reserved allocations) which would be larger than for a series of smaller separate MNPCs serving the same territory.
- The housing delivery capability of City Living could be made available to address housing needs elsewhere in the Region, rather than assembling new staff and repeating the learning curve in other locations.
- It would be simpler for applicants to deal with a single RNPC organization covering a larger geographic area, rather than applying to several separate MNPCs.
- Social housing delivery might be more effectively integrated with other support services provided by Regional departments such as Social Services, Health and Homes for the Aged.
- The application process and the management of waiting lists could be consolidated, making the process simpler for applicants.
- The Regional Municipality may be in a better financial position than area municipalities to provide interim financing for land purchases, prior to a formal commitment from MOH.
- Existing MNPCs which have been successful could continue to operate, and to enjoy the advantage of close collaboration with area municipality staff and council members.

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[1] In principle, this should include Rockcliffe Park. In practice, the cost and lack of availability of land and the lack of local demand make it unlikely that non-profit units would be built in that municipality.

On the other hand, our discussions with MNPCs and Council members indicate that there are widespread reservations with respect to regionalization. In particular:

- Many interviewees in municipalities other than Ottawa expressed the opinion that an RNPC would be inefficient, inflexible and insensitive to the concerns of tenants and local communities. This view seems to stem more from a negative view of Regional government in general that from specific issues related to housing. Moreover, RNPCs in other regions state that they have adopted active public consultation processes to ensure that local concerns are considered where possible.

- There is concern in some quarters that the Region might be expected to take on financial obligations now borne by Ottawa. This objection could be addressed if the City of Ottawa were willing to make a financial contribution to cover an interim period until project deficits can be eliminated.

- Cooperation with the planning departments and councils of area municipalities in terms of matters such as land acquisition, zoning and servicing is very helpful in the development of non-profit housing. We do not, however, regard a loss of cooperation as a significant risk because the proposed RNPC would operate only in municipalities which had voluntarily transferred their MNPCs to the Region, which do not have MNPCs at present, or whose MNPCs had not been effective in supplying non-profit housing.

Strengthening the Region's Front End Role

There is general agreement among those with whom we met that the region should continue to be involved in housing policy and in related research functions such as conducting needs surveys. **If the status quo is maintained with respect to delivery, greater regional involvement in the following areas could be constructive:**

- gathering the various MNPCs within the Region together to agree upon a strategy with respect to the housing unit allocations to be sought from senior levels of government, both in total and for each municipality;

- establishing principles, for example through the Regional Housing Statement or the Official Plan, with respect to the distribution of affordable housing, and specifically of municipal and other non-profit housing, among municipalities in the urban area of the Region;

- assisting MNPCs and third sector producers in identifying and acquiring sites for non-profit housing through the subdivision approval process, by giving priority to non-profit housing in the disposal of any surplus Regional property, and by establishing a revolving fund to purchase land for resale (or lease) to MNPCs or other non-profit producers at cost.

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

STUDY OF MUNICIPAL NON-PROFIT HOUSING DELIVERY

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PURPOSE OF THE STUDY

Responsibilities for housing are divided between the eleven area municipalities and the Regional Municipality of Ottawa-Carleton (RMOC). RMOC is involved in housing research, information, coordination and advocacy. It also operates the Match and Share and special needs housing registries. Most of the area municipalities are involved, through municipal non-profit corporations (MNPCs), in the provision of social housing under programs financed by the Ontario Ministry of Housing (MOH) and the Canada Mortgage and Housing Corporation (CMHC). Municipalities also develop housing policy statements and may be involved in other housing policy and advocacy activities.

As part of the Region's review of the Regional Housing Statement, Regional Council agreed to re-assess its role in the provision of housing. This study was commissioned to determine the most effective way of delivering municipal non-profit housing units within Ottawa-Carleton. The specific objectives of the study were as follows:

- to identify and evaluate the effectiveness of the existing system of dispersed delivery, effected through nine MNPCs;
- to identify and evaluate potential improvements to the system, including the option of a Regional Non-Profit Housing Corporation;
- to conclude with recommendations on the future roles and responsibilities of the Region and the area municipalities with regard to the delivery of social housing.

METHODOLOGY

The study was carried out by Price Waterhouse with the assistance of The Starr Group. During the course of the project, the consultants:

- met with representatives of the nine MNPCs and of the City of Kanata. The Village of Rockcliffe Park declined to participate in the study. In most cases, the consultants met with interested members of the Board of Directors as a group. In the City of Ottawa, the consultants met separately with City Living staff and interested members of City Council, which serves as the Board of Directors;
- organized two meetings with community groups such as the Social Planning Council, Federation of Tenants, Council on Aging, Centretown Citizens (Ottawa) Corporation and the Federation of Housing Cooperatives;
- met individually with a number of members of Regional Council who responded to our invitation. It should be noted that a number of members of Regional and area municipality councils are directors of MNPCs and participated in those meetings;
- visited regional non-profit housing corporations in Peel, York and Metropolitan Toronto and reviewed documentation supplied by them;
- met with the Regional Manager of the Ontario Ministry of Housing and reviewed recent provincial policy and legislation with respect to affordable housing; and
- reviewed the relevant portion of the Bartlett Report and a wide range of other documentation on housing needs, the financial performance of existing MNPCs and related matters; and
- met on three occasions with a steering committee including representatives of the Regional Planning Department and three MNPCs.

We would like to thank all those who met with us, and particularly the volunteer members of MNPC boards, for their cooperation and for the frank and positive way in which they expressed their views.

EFFECTIVENESS OF THE EXISTING SYSTEM

Non-Profit Housing Programs

The Non-Profit Housing Program is a federal/provincial initiative aimed at helping non-profit housing agencies (which may be municipal, private or cooperative) to produce modest, cost-efficient housing for persons with low to moderate incomes. Households of all types are now eligible for housing assistance, including families, senior citizens, childless couples, single persons and people with disabilities who are able to live independently. The program provides for National Housing Act (NHA) insurance for mortgage loans, and for operating subsidies to bridge the gap between the actual cost of providing the housing and the rents paid by the tenants.

Homes Now is a temporary provincial program similar to the federal/provincial Non-Profit Housing Program. It is intended to produce an additional 30,000 affordable rental units across Ontario.

Supply of Housing Units by Municipal Non-Profit Corporations (MNPCs)

Exhibit 1 on the **following page** summarizes the number of municipal non-profit housing units in place in the various municipalities of Ottawa-Carleton, as well as those under construction or for which allocations have been obtained from MOH.

The City of Ottawa has long been, and continues to be, the major provider of municipal non-profit housing in Ottawa-Carleton. City Living, Ottawa's MNPC, has a total of 4,671 units completed or under construction and allocations for a further 861. These represent 90% of all MNPC units completed or allocated in Ottawa-Carleton. City Living's emphasis has been on family housing, and more recently on accommodation for single people and childless couples other than seniors. The new Multi-Year Plan states that approximately one half of the units planned are intended for this group. It also indicates that City Living will continue to integrate special needs and accessible units into all developments where location and funding allows.

In the early 1980's, all of the rural municipalities (Osgoode, Goulbourn, Rideau and West Carleton) established MNPCs to build housing for seniors. They were motivated by the absence of any form of

Exhibit 1

MUNICIPAL NON-PROFIT HOUSING CORPORATIONS

NUMBER OF UNITS

Municipality	Completed		Allocated	Total
	Seniors	Family/Single/ Mixed		
OTTAWA	825	3,846	861	5,532
OTHER URBAN:				
Nepean	0	146	130	276
Gloucester	0	0	104	104
Kanata	0	0	0	0
Cumberland	24	0	0	24
Vanier	0	0	34	34
Rockcliffe Park	0	0	0	0
Sub-total	24	146	268	438
RURAL:				
Goulbourn	64	0	0	64
West Carleton	25	0	0	25
Osgoode	83	0	8	91
Rideau	30	0	0	30
Sub-total	202	0	8	210
TOTAL	1,051	3,992	1,137	6,180

Sources: Data for City of Ottawa provided by City Living, and includes units financed by City equity and older programs such as Limited Dividend which are not subsidized by the Ministry of Housing, with some additional information on recent allocations provided by interviewees. Data for other municipalities from Ministry of Housing. Completions are as of June 30, 1989, but include one project in the City of Ottawa which was at an advanced state of construction.

rental accommodation for the growing seniors population in their communities, and not solely by a concern for those with low incomes. The immediate needs of seniors in these communities were largely met and, more recently, some apartments have been built in these communities on a commercial basis. Moreover, the emphasis of the provincial government shifted to family housing, where the identified needs are relatively small in these communities. These MNPCs have therefore tended to focus on the management of existing units, rather than development. Osgoode's recent success in obtaining an allocation for an 8-unit family project is an exception.

Until 1987, there were no MNPC units in the urban municipalities other than Ottawa. Since that date, 146 units have been completed in Nepean, and allocations have been secured for a further 130 units in Nepean, 104 in Gloucester and 34 in Vanier. All of the units completed by these MNPCs or allocated to them have been for families. Our discussions indicate that family housing is seen as the priority in all of these municipalities, although the MNPCs have not established formal objectives with respect to the production of units or target groups. MNPC representatives in all three municipalities told us that they have strong support from their local councils, and expect their portfolios to grow in future. However, even if all of the units for which allocations have been secured are completed, there will be only 370 municipal non-profit housing units in these three municipalities combined, as compared to 5,532 units in the City of Ottawa.

The history of non-profit housing in Cumberland reflects its transition from a rural to an increasingly urbanized municipality. Like other rural municipalities, it developed a seniors project in the early 1980's and the MNPC has concentrated on the management of that project. It has now decided to become involved in non-profit housing for families, and has submitted an application to MOH for a 50-unit project. The initiative for the application has come from Township staff and it remains to be determined how the MNPC itself will be structured in future if its role becomes broader.

Kanata and Rockcliffe Park are the only area municipalities without MNPCs.

Other Social Housing Providers

Although this study is concerned with the role which municipalities play in the provision of social housing, Exhibit 2 on the **following page** shows that MNPCs account for only 24% of the social housing units in Ottawa-Carleton.

EXHIBIT 2

SOCIAL HOUSING BY MUNICIPALITY

	Municipal	OCRHA	Rent Supp	Co-op	Private NP	Total	% Social Housing
OTTAWA	4,671	10,199	1,012	1,903	1,012	18,797	89.3%
OTHER URBAN:							
Nepean	146	99	215	226	184	870	4.1%
Gloucester			247	250	128	625	3.0%
Kanata		59		64	52	175	0.8%
Cumberland	24					24	0.1%
Vanier		249	55	45		349	1.7%
Rockcliffe Park	—	—	—	—	—	0	0.0%
Sub-total	170	407	517	585	364	2,043	9.6%
RURAL							
Goulbourn	64					64	0.3%
West Carleton	25					25	0.1%
Osgoode	83					83	0.4%
Rideau	30	15	—	—	—	45	0.2%
Sub-Total	202	15	0	0	0	217	1.0%
TOTAL	5,043	10,621	1,529	2,488	1,376	21,057	100.0%

Sources: For Municipal Non-Profit Housing, see Exhibit 1. All other housing categories from map prepared by Regional Municipality as of December 1988, supplemented by information provided by Ministry at Housing.

The largest single provider, with over half the units, is the Ottawa-Carleton Regional Housing Authority (OCRHA)[2], a provincial government agency which administers the projects developed over the years by the Ontario Housing Corporation (OHC). These older projects, which were targeted solely to those in great need and were often large by current standards, still dominate public perceptions of social housing despite subsequent program changes. Because the other municipalities were less developed at the time when OHC was building, 96% of OCRHA's units are in the City of Ottawa.

The Ontario Housing Corporation is also the vehicle for the Rent Supplement Program, under which OHC pays the difference between the tenant's geared-to-income rents and the full rental rate negotiated between OHC and the landlord.

The "third sector" of cooperatives and private non-profit corporations, of which Centretown Citizens (Ottawa) Corporation is the largest example locally, account for a total of 3,800 units in Ottawa-Carleton. This represents 18% of the total. In many cases, municipalities have worked closely with third sector producers, for example in helping them to acquire land. Nepean and Gloucester have significant numbers of cooperative, private non-profit and rent supplement units, but Ottawa remains the predominant location for all forms of social housing.

Estimates of Demand

In 1987, the Regional Municipality undertook a mail survey of more than 16,500 households to estimate demand for non-profit housing in the urban part of Ottawa-Carleton. Key results are shown in Exhibit 3 on the **following page**. Municipal officials concerned with housing regard these figures as an underestimate, but agree that they confirm the existence of considerable unmet demand and give some indication of interest by target group and current location.

The study identified a demand for 10,648 units of non-profit housing from people not currently resident in social housing. The demand was predominantly from non-senior households without children (5,537 units or 52%), which until recently were ineligible for housing assistance. Families with children accounted for 3,646 units or 34% of the demand, while seniors accounted for only 1,465 units or 14%.

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[2] Our terms of reference did not include the organization of the OCRHA or any possible transfer of its units to a regional non-profit corporation.

Exhibit 3

DEMAND FOR NON-PROFIT HOUSING IN OTTAWA-CARLETON URBAN MUNICIPALITIES

	Households interested in non-profit housing				Percentage of Total Demand
	Senior	Family	Non-Family	Total	
Ottawa	1,108	1,918	4,140	7,165	67.3%
Nepean	171	745	573	1,491	14.0%
Gloucester	96	547	292	934	8.8%
Kanata	8	92	50	151	1.4%
Cumberland	12	76	27	115	1.1%
Vanier	70	268	455	795	7.4%
TOTAL	1,467	3,646	5,538	10,651	100.0%

Source: "Demand for Non-Profit Housing in Ottawa-Carleton 1987", The Regional Municipality of Ottawa-Carleton, Planning Department, March 1988. The municipalities of West Carleton, Goulbourn, Osgoode, Rideau and Rockcliffe Park were not included in the study.

Notes: Numbers are for households interested in non-profit housing. Of these, a total of 6,955 or 65% would have qualified for some form of rent-geared-to-income.

Municipal officials concerned with housing regard these figures as an underestimate, but agree that they confirm the existence of considerable unmet demand and give some indication of interest by target group and current location.

Households in Ottawa accounted for 76% of the senior demand and 75% of the non-family demand, but only 52% of the demand by families with children.

Other municipalities with a substantial demand by families were Nepean (745 units), Gloucester (546 units) and Vanier (269 units). Vanier also had a high demand from non-family households, and a total of 793 households in the municipality indicated an interest in non-profit housing.

The demand from people now resident in Kanata and Cumberland is significantly smaller according to the survey, accounting for only 265 units of all kinds. This suggests that the lack of low-cost housing in Cumberland and Kanata means that families with affordability problems, such as single parents, either leave or never move to these municipalities in the first place.

Waiting lists also provide an indication of the demand for non-profit housing. In municipalities which have MNPCs active in family housing, this data confirms that there is a strong demand. Because of the different levels of MNPC activity, however, this data cannot be used to compare demand among municipalities.

Criteria for Assessing the Distribution of Non-Profit Housing

The question of whether specific municipalities are "doing their share" in terms of municipal non-profit housing (or social housing generally) depends, to some degree, on the standard used to determine "fair shares".

Housing markets in rural areas and small towns, including the less built-up areas of Ottawa-Carleton, tend to be localized. It is reasonable to say that the number of social housing units to be built in a rural municipality (or a small group of neighbouring municipalities) should be based on the number of families or individuals already resident in that municipality who qualify and have expressed an interest in renting such units. In other words, social housing in these areas should be allocated based on **demand** surveys of the kind already carried out by the Regional Municipality, or by local municipalities when making their case for individual non-profit projects.

Within urban areas, people tend to be more mobile and the considerations are more complex. The number of local residents who have a demonstrated need or who have expressed a desire for non-profit housing is a consideration because:

- once people have become established in a neighbourhood, they will often have both practical reasons and a personal preference for remaining in the neighbourhood;
- established communities may be more willing to accept non-profit housing if it is thought of as being for people who are already local residents;
- these are generally areas where public services, retail stores and employment relevant to low-income people are readily accessible.

On the other hand, there are important reasons not to rely solely on demand from current local residents in making decisions on the location of non-profit housing. Where people live within an urban area depends in large part on their income and the cost and availability of housing. The economic realities of unemployment or family breakup will often oblige people to move to less expensive locations. Basing the location of non-profit housing on where potential tenants live currently would therefore mean building predominantly in low-income neighbourhoods. People in these neighbourhoods may feel that they are being made into ghettos, which would be contrary to the whole concept of integrating non-profit housing into the community. Inner city areas also tend to be heavily built up, which can make sites difficult and expensive to obtain. Moreover, social services are now more readily accessible to suburban residents, due to the establishment of Community Resource Centres by the Regional Municipality, and business parks and office complexes in suburban areas have resulted in a wider distribution of employment opportunities.

The new residential areas which are created in cities whose population is growing provide a significant opportunity for non-profit housing because:

- land costs are generally lower than in established areas;
- sites can be made available by requiring that areas be designated for affordable housing, or more specifically for acquisition by non-profit housing bodies;
- planning for non-profit housing at the same time as other parts of the community minimizes the risk of opposition from local residents.

The provincial government's new housing policy states that "All municipalities and planning boards [shall] establish appropriate planning policies and standards which will enable at least 25% of New Residential Units resulting from New Residential Development and Residential Intensification ... to be Affordable Housing .... These forms of housing are to be locally determined based on an analysis of: (i) incomes up to the 60th percentile in the Housing Region; (ii) the full range of housing needs for households within the lowest 60 percent of the income distribution for the Housing Region; ... (vi) the amount of government-assisted housing needed in the municipality, normally identified in a Municipal Housing Statement." It would be consistent with the general thrust of this policy for rapidly growing communities on the edge of the urban area to account for a significant proportion of non-profit housing units.

The provision of non-profit housing can also be thought of as a **responsibility** or burden which should be shared equitably within a region. This appears to be the basis for the Bartlett Report's recommendations on social housing. However, non-profit housing projects pay property taxes like other housing and, under current programs, their operating losses are fully paid by subsidies from senior levels of government. If new non-profit housing is a financial burden, it takes the subtler form of differences between property tax revenues and the cost of services. On the other hand, the burden can be thought of in terms of the social problems sometimes associated with concentrations of social assistance recipients. Regardless of how the burden is described, this view leads to the conclusion that the ratio of social housing units to total housing units should be similar for all municipalities within a given housing market.

In developing its Assisted Housing Policy, Metropolitan Toronto adopted a "fair share" approach which called for each municipality within Metro to have the same ratio of rent-geared-to-income (RGI) units to total households. In other words, if a municipality contains 10% of the total households in Metro, it is expected to have 10% of the RGI units.

In this section, we have discussed three possible approaches to determining an appropriate distribution of social housing within the urban area of Ottawa-Carleton. Distributing non-profit housing in terms of demand will tend to mean concentrating it in older areas closer to the urban centre. A distribution based on opportunity will focus on the growing rim of the urban area. A distribution based on responsibility will be more uniform, and should produce a result somewhere between the demand and opportunity criteria.

Appropriateness of Distribution

Exhibit 4 on the **following page** indicates that Ottawa accounts for 89% of all social housing units in Ottawa-Carleton. More specifically, as Exhibit 2 indicates, it accounts for 93% of the municipal non-profit housing in Ottawa-Carleton. **Ottawa** is clearly doing more than its "fair share" in terms of any of the criteria described above:

- in terms of the responsibility criterion, it has only 55% of the total housing units in the Region;
- in terms of opportunity, Ottawa had only 31% of the housing starts in the Region in 1988. With less undeveloped land than most other municipalities, opportunities in Ottawa are more likely to come from renovation;
- of the demand identified in the Regional Municipality's survey, only 67% was from households in Ottawa.

On the other hand, it should be remembered that Ottawa continues to be the municipality with the largest unmet demand for non-profit housing in terms of units. In other words, although there is a clear case for increased non-profit housing in other municipalities, whether the criterion is demand, opportunity or responsibility, there continues to be a requirement for such housing within Ottawa as well.

In recent years, **Nepean** has become the second-largest municipal producer of non-profit housing in the Region. Its 146 units represent 3% of the municipal non-profit housing in the Region, and outstanding allocations will bring it to 4.5% of the total. Nepean also has various other types of social housing, and currently accounts for 4.1% of the regional total. Although it has the best track record of any urban municipality other than Ottawa, Nepean remains behind in terms of the various "fair share" criteria discussed previously. In particular, Nepean has 14% of the total housing units in the Region, 14% of the unmet demand measured by the Regional Municipality's survey and significant development opportunities, as indicated by its 23% share of 1988 housing starts.

Gloucester's MNPC is yet to complete any units. It currently has allocations for 104 units, however, and has acquired sites in Blackburn Hamlet and Orleans. There are 625 units of other social housing in Gloucester, or 3% of the Region's total. This contrasts with its 9% of unmet demand for non-profit housing, 12% of total housing units and 11% of housing starts in 1988.

EXHIBIT 4

SHARES OF HOUSING BY MUNICIPALITY

	Total Housing		Housing Starts		Social Housing	
	Units	%	Units	%	Units	%
OTTAWA	141,003	55.1%	2,448	30.9%	18,797	89.3%
OTHER URBAN						
Nepean	36,021	14.1%	1,799	22.7%	870	4.1%
Gloucester	31,323	12.2%	838	10.6%	625	3.0%
Kanata	10,566	4.1%	762	9.6%	175	0.8%
Cumberland	10,490	4.1%	1,112	14.0%	24	0.1%
Vanier	9,003	3.5%	100	1.3%	349	1.7%
Rockcliffe Park	752	0.3%	5	0.1%	0	0.0%
Sub-total	98,155	38.4%	4,616	58.2%	2,043	9.6%
RURAL						
Goulbourn	4,620	1.8%	282	3.6%	64	0.3%
West Carleton	4,405	1.7%	209	2.6%	25	0.1%
Osgoode	4,002	1.6%	221	2.8%	83	0.4%
Rideau	3,586	1.4%	149	1.9%	45	0.2%
Sub-total	16,613	6.5%	861	10.9%	217	1.0%
TOTAL	**255,771**	**100.0%**	**7,925**	**100.0%**	**21,057**	**100.0%**

Sources: For social housing, see Exhibit 2. Total Housing Units from provincial assessment data for 1988 included in RMOC "Annual Housing Review 1988" and Housing starts from CMHC data for 1988 included in same report.

Kanata does not have an MNPC and has only 175 units of social housing or 0.8% of the Region's total. Kanata's lack of involvement might be excused in terms of demand, since only 1.4% of the demand measured by the Regional Municipality's survey was from current residents of Kanata. On the other hand, Kanata has 4% of the Region's total housing, and accounted for 10% of housing starts in 1988.

Cumberland's MNPC, which has one 24-unit seniors project, is similar to those in the rural municipalities. The municipality has no other social housing, but has recently applied for an allocation of 50 units of family housing for its MNPC. Cumberland accounted for only 1% of the demand for non-profit housing shown in the Regional Municipality's survey, compared to 4% of total housing and 14% of housing starts.

Vanier's MNPC has an allocation for 34 units and the municipality has provided a site, but construction is yet to begin. Vanier also has various other types of social housing, representing 1.7% of the regional total. Opportunities for development are limited, with Vanier accounting for only 1.3% of the Region's housing starts in 1988. On the other hand, Vanier has a significant demand for non-profit housing. Although Vanier has only 3.5% of the total housing units in the Region, it represented 7.4% of the unmet demand and 11.1% of the demand from the "deep core" or neediest household in the Region's survey.

Rockcliffe Park is the smallest of the urban municipalities, representing only 0.3% of total housing units. Moreover, with only 5 housing starts in 1988 and high land prices, it offers little opportunity for non-profit housing. Rockcliffe did not participate in the Region's demand survey.

The four less urbanized municipalities (**West Carleton, Goulbourn, Osgoode and Rideau**) have focused on housing for seniors from the local community. These needs appear to be largely met, and waiting lists for rent-geared-to-income (RGI) units are relatively short. Only Osgoode, which recently obtained an allocation for an 8-unit project, is involved in family housing at this point.

The four rural municipalities account for only 4% of the MNPC units and 1% of all social housing in the Region. This compares to 6.5% of total housing and 11% of housing starts in 1988. On the other hand, the "fair share" concepts appropriate to urban municipalities cannot be applied directly to rural areas. Most housing in these municipalities is owner-occupied and, although they were not covered in the Region's survey, there is no reason to believe that there is a large demand for non-profit housing from people in these municipalities other than seniors. Moreover, building substantial non-profit housing projects in rural

areas is impractical in the absence of piped water and sewer services, and would probably meet resistance both from local residents and prospective tenants from urban areas alike. On the other hand, any rural municipality (such as Goulbourn) which is planning for major population increases based on piped water and sewer services should be included along with the urbanized municipalities in any consideration of fair shares.

Several interviewees outside the City of Ottawa expressed concern about the inferences that might be drawn from applying a "fair share" standard to historical data on municipal non-profit housing. Allocations are controlled by senior levels of government, and do not necessarily reflect the willingness of different municipalities to participate. For example, Nepean sought allocations for a number of years before it was successful. On the other hand, there are examples of allocations that were obtained by MNPCs but could not be used within the deadline under the federal/provincial program. It should also be noted that a significant portion of City Living's units were built under older programs, such as Limited Dividend, before other municipalities were urbanized.

Barriers to Development

Allocations

Although some of the MNPCs would prefer larger allocations, they do not regard the availability of allocations as the major obstacle to the development of non-profit housing at this point. Because of its size and track record, City Living has been able to negotiate reserved allocations for future years which are not tied to specific projects. We understand that Nepean has also negotiated such allocations under the Homes Now program. Other MNPCs (such as Gloucester and Osgoode) have encountered some difficulties in the past with the system of annual allocations, under which delays could force the cancellation of a project. The current Homes Now program provides more flexibility in timing, but this flexibility may not exist under future programs.

Land

The main barrier to development identified by MNPCs and other groups with which we consulted is the availability of suitable serviced land.

In Ottawa and Vanier, the most heavily urbanized municipalities, there is particular concern about the availability of parcels of land large enough to permit new development, particularly of townhouse projects for families. It should be noted that much of City Living's new construction has been in the Greenboro and Hunt Club areas, near Ottawa's southern border. With these areas now largely developed, site acquisition is more difficult, although there are a number of areas which may offer opportunities.[3] City Living is therefore becoming more involved in the renovation of existing buildings, which is compatible with a greater emphasis on non-senior single people and childless couples.

Municipalities which have substantial amounts of land undergoing subdivision are in a better position to acquire sites for family-oriented townhouse projects. One approach to implementing the provincial government's new housing policy would be for such municipalities to require the designation of land for non-profit housing as a part of the subdivision approval process. The area municipality or the Region might then purchase the land, either for development by an MNPC or resale (or lease) to a private non-profit or cooperative. Access to municipal funding to purchase sites may be critical in enabling an MNPC to take advantage of opportunities.

Rural municipalities may face issues in terms of access to water and sewer services, and the size of projects considered acceptable by the Ontario Ministry of the Environment when septic systems have to be used. Concern was also expressed about the need to release land from agricultural use restrictions. Development of any significant amount of additional non-profit housing in smaller communities will clearly require a concerted approach by several provincial Ministries.

Apart from the question of availability, a number of MNPCs expressed concerns about the feasibility of acquiring land at a price compatible with the Maximum Unit Price (MUP) levels for non-profit housing established by MOH. The adequacy of the MUPs is, however, outside our terms of reference.

Community Attitudes

Opposition by local communities can be a barrier to the development of social housing, particularly for families. Issues may arise with respect to zoning changes, site plan approval, or other requirements by

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[3] These include the Clyde-Merivale area, the Rockcliffe air base, the CMHC lands, LeBreton Flats and the Alta Vista corridor. Acquisition and renovation of existing buildings is expected to account for some 40% of units under City Living's multi-year plan.

bodies such as the Ontario Ministry of the Environment. Some difficulties of this kind have been encountered in several municipalities, although it can be difficult to distinguish genuine planning concerns from obstructionism.

All of the existing MNPCs told us that they now have strong support from most members of their local councils. They believe that local concerns can be dealt with effectively, given a little experience, and are not an insuperable barrier. It should be noted that the active collaboration of municipal staff (particularly Planning departments) and council members, rather than mere passive acquiescence, may be necessary to enable MNPCs to acquire sites and obtain the necessary approvals.

Financial Performance

In recent years, MNPC units have been developed under agreements which commit the federal and provincial governments to cover any and all deficits which may be incurred. Thus there is no direct financial input from the local level.

MNPCs report that they have been able to function within the operating budget constraints imposed under these programs, although some of the smaller MNPCs expressed concerns about the 6% ceiling on administrative costs. Reserves for future renovation have been set aside in accordance with provincial policy. It should be noted, however, that none of the municipal non-profit units outside Ottawa are more than seven years old, so repair costs and renovation requirements should still be modest.

In the initial stages of establishing an MNPC and developing the first projects, municipal staff time has generally been contributed without charge. There has also been considerable volunteer input, particularly in the rural municipalities where seniors housing has been the focus.

The financial situation of City Living is somewhat different, and the existence of financial contributions from the City of Ottawa raises concerns in other municipalities. It is therefore important to understand the nature of these contributions.

In 1989, the City of Ottawa budgeted for a contribution of $427,000 to the operating expenses of City Living. The contribution is now projected at $196,600 for 1989 and $192,000 for 1990. In the past, over half of the contribution was to subsidize the rents of **single persons** between 50 and 59 years of age.

This subsidy is no longer required because the Ministry of Housing has extended rent-geared-to-income assistance to include all households. Three items will remain:

- project operating subsidies ($87,100 estimated for 1989) for **rooming houses** developed with capital funds from the City of Ottawa before provincial programs were extended to include single people. Negotiations are under way with MOH to obtain rent-geared-to-income funding for these projects, which the City hopes to achieve by 1991;
- a grant of $10,000 per year to fund renovations and alterations to existing City Living units to accommodate the needs of **disabled** tenants;
- a grant of $100,000 annually to offset increased **office accommodation** costs due to the relocation of City Living (together with the Department of Housing and Property) to Holland Avenue.

In addition to these contributions, City Living has an accumulated deficit which is estimated to reach $851,100 by the end of 1989, and to grow by a further $164,800 in 1990. This deficit does not relate to units covered by current federal or provincial housing programs. It arises from projects built under **older programs**, such as Limited Dividend and Community Sponsored Housing, or using City equity funds. City Living staff emphasize that older programs did not provide reserves for later renovation in the manner of current programs. City Living is developing a deficit reduction strategy for these projects.

The City of Ottawa has a land assembly fund to provide interim financing, on a full cost recovery basis, for the purchase of sites for non-profit housing. In addition, it has established an equity fund to provide capital to projects not funded under provincial programs, or to supplement such funding. Examples where the equity fund has been used include the rooming houses referred to above, the Strathcona Heights redevelopment, and the write down of the cost of certain land in Greenboro.

Current policy is to transfer City land for social housing at full cost recovery, taking into account both the acquisition price and subsequent carrying charges. According to City officials, the Greenboro writedowns were necessary because full cost recovery was in excess of market value. More commonly, market value would exceed full cost recovery, and the non-profit housing corporation (City Living or another group) would benefit in terms of its ability to develop housing within the MUP. This is not a subsidy in accounting terms, but is viewed in some quarters as a form of hidden subsidy.

On the other hand, City Living pays for services provided by City of Ottawa departments, such as legal services. Other MNPCs often receive assistance from other municipal departments, such as Planning, without charge, particularly in their formative stages.

Staffing

City Living is the only MNPC in the Region with a substantial staff. It employs some 102 people, of which 45 are salaried. In addition, City Living covers the costs of four staff positions within the Department of Housing (in areas such as project pre-planning and policy and program development) and approximately half of the costs of the Housing and Property Department's Finance, Administration and Personnel Branch.

Other MNPCs in the Region use consultants to coordinate project design and construction and retain property managers on a part-time basis once projects are completed. Maintenance work tends to be contracted out, which is regarded in rural areas as a benefit to the community. Pre-planning assistance tends to be provided by municipal staff, generally from Planning departments where they exist. Growing corporations, such as Nepean's, are likely to need a more substantial management structure in future.

Waiting Lists and Tenant Placement

None of the government, MNPC, municipal or community representatives with whom we met expressed any serious concerns with respect to the selection of tenants by MNPCs. A number of interviewees expressed a concern that the maintenance of separate waiting lists may oblige a potential tenant to apply to several different organizations. None of the interviewees, however, regarded this as a central issue with respect to the effectiveness of the existing system.

The possibility of some form of central clearing house or referral service for applicants was raised. We understand that the Housing Information Service recently approved by the Region will provide advisory and referral services to clients experiencing a variety of housing problems. However, the funding would not permit the extension of the service to a housing registry or applications centre.

Project Management and Maintenance

Federal and provincial operating subsidies enable each MNPC to retain the services of property managers and project superintendents. Thus, an appropriate system is in place to carry out these responsibilities for each project.

Views differ as to the relative efficiency and effectiveness of large and small MNPCs in the area of property management. The issue is confounded by other factors, such as:

- differences in property management and maintenance requirements between seniors and family projects;
- differences in maintenance requirements between older and newer buildings;
- differences between urban and rural areas in service expectations and employment opportunities; and
- volunteer input at the board level, particularly in rural municipalities.

Some representatives of other municipalities perceive City Living as a top-heavy bureaucracy, but it enjoys a positive reputation in other quarters. The question of its cost-effectiveness is clouded by the diversity of its portfolio and the age of some units, and definitive conclusions would require a much more extensive analysis (including comparisons with other major municipalities) than is possible in the scope of this study. From the standpoint of our study, the relevant point is that there is no blatant weakness or disparity in property management capability among the existing MNPCs which would, in and of itself, justify a change in organization.

Conclusion

The major issue with respect to the effectiveness of the current system for providing municipal non-profit housing in Ottawa-Carleton is that the supply of units in urban municipalities other than Ottawa is seriously inadequate in relation to any of the possible "fair share" criteria. Nepean is the only suburban municipality which has any real track record in non-profit housing. The good intentions and the plans (at various stages of development) which now exist in Gloucester, Vanier and Cumberland are encouraging, but not conclusive proof of effectiveness. Kanata and Rockcliffe Park have not established MNPCs.

The key issue for the Regional Municipality of Ottawa-Carleton, and the eleven area municipalities which it comprises, is whether greater regional involvement would improve or hamper the performance of urban municipalities other than Ottawa. Subsequent chapters will examine the advantages and disadvantages of regionalization and will present our recommendations for the future.

DISCUSSIONS WITH EXISTING REGIONAL NON-PROFIT HOUSING CORPORATIONS

In order to assist in assessing the advantages and disadvantages of an Ottawa-Carleton Regional Non-Profit Housing Corporation, interviews were carried out with other existing Regional Non-Profit Corporations (RNPC). This section outlines the key findings of this activity.

Growth in Regional Non-Profit Housing Corporations

The first regional government to establish and operate a regional non-profit housing corporation was the Municipality of Metropolitan Toronto. The Metro Toronto Housing Company Limited was established in 1954 to develop limited dividend housing for seniors under programs available at that time. In July 1976, the Peel Non-Profit Housing Corporation became the second regional housing agency in Ontario.

Since that time, many other regions have become active in the delivery and operation of Non-Profit Housing, including the Regions of Durham, York, Halton and Waterloo. Thus, of the eleven regional governments in Ontario, 6 now operate Regional Non-Profit Housing Corporations. Detailed information was obtained through interviews with the Metro, Peel, York and Waterloo regional corporations.

Roles of Regional and Area MNPCs

There are wide variations in the structure and composition of these regional agencies. Two of these bodies (Peel and Halton) can be defined as fully regionalized operations; that is, there are no municipal non-profits in these regions and the regional non-profit has the mandate of covering the entire region. In each of the other four regions, there exist one or more area municipal non-profit corporations.

In the four regions possessing area municipal non-profits, there are varying mandates and relationships. In Metro, the City of Toronto operates its own non-profit corporation. An "unwritten agreement" has been reached whereby Metro develops and operates seniors projects within the City of Toronto, while the City develops and operates non-profit projects for all other target groups. There are no municipal non-profits elsewhere in Metro, so Metro develops accommodation for all target groups.

In York, Durham and Waterloo, the Regional non-profits are essentially "gap-fillers"; that is, they operate only in those municipalities which do not possess their own area municipal non-profit corporation. This approach appears to be primarily one of historical timing rather than any deliberate strategy; that is, the area municipal non-profits were established prior to the Regional non-profits in these areas and the decision was made to establish a Regional operation simply to fill in the gaps. In Waterloo Region, both Cambridge and Kitchener have established non-profit corporations, while in York, both Richmond Hill and Vaughan have non-profit corporations.

Portfolio

Peel's mandate is to provide housing for all target groups in all parts of the Region in which a need is identified. Metro does likewise, with the exception that it provides only seniors housing in the City of Toronto, as Cityhome meets the needs of the other target groups.

In Waterloo, the Region meets the needs of all target groups in those municipalities that do not possess a municipal non-profit corporation. In Kitchener and Cambridge, all responsibilities are left to the municipal non-profits (although there is representation on the Regional Non-Profit from these municipalities).

In York, Richmond Hill and Vaughan have each developed one seniors project. It appears that they have no desire to develop any further projects; thus, the Region is likely to become a fully Regionalized operation. It may, in fact, take over the above two projects in order to facilitate full regionalization.

Given their long histories, both Metro and Peel have developed considerable portfolios numbering in the thousands of units. Metro's portfolio is comprised primarily of seniors projects, with a handful of more recent family projects. Peel's portfolio represents a wide mix of all target groups.

Waterloo and York, as very new organizations, possess very limited portfolios at present. Each corporation, however, has received substantial allocations for new projects and expects to grow rapidly in the future.

Allocations

In recent years, the Ministry of Housing has moved toward reserved allocations for major providers of non-profit housing. Metro, Peel and York have all received such allocations as has the City of Ottawa, while Waterloo to date has not. From our interviews with these groups, it appears this is a highly desirable approach to delivery of non-profit housing, as it provides more of a long-time planning horizon and enables the Corporation to better meet needs and better utilize its resources.
Metro has received an average allocation of about 600-800 units per year in recent years, while Peel averages approximately 400 units per year. Waterloo to date has been allocated 133 units over the past two years while York has been allocated approximately 400.

Board of Directors

There are two models which have been utilized in forming the Board of Directors for these corporations. Peel and York follow a "political" model in which all Board members are members of Regional Council, whereas Metro and Waterloo follow a "mixed" model, whereby a mix of Regional Council members and citizen appointees comprise the Board. The advantage of the political model is full accountability to Council, whereas the advantage of the mixed model is a reduction in the potential for "politically-motivated" decision making. Both approaches appear to be working successfully--it seems to depend on Council's preferred philosophy with respect to the above issues as to which model is selected.

The Boards tend to be quite large in relation to Boards of most non-profit corporations. Whereas most non-profits might have Boards of 7 or 8 members, York has 10, Metro has 12, Waterloo has 13 and Peel has 22 (the total Regional Council). This large size is a reflection of the variety of interests and areas covered by regional municipalities.

Staff Structure

Given their large portfolios, both Peel and Metro possess substantial staffing. Including all administrative, management, maintenance and technical staff, Metro maintains 400 permanent staff (about 300 of these are directly involved in project operations as property managers, superintendents, etc.). These staff administer a total portfolio of some 17,800 units, with another 1,600 in the planning stage. Peel maintains a total complement of about 100 permanent staff to operate a portfolio of about 3,400 units.

In order to keep staffing levels at a minimum, both Peel and Metro Non-Profit Corporations buy outside services from the Regional Municipality (eg. accounting and finance, legal, planning). Full-time staff are those directly associated with project planning, development, management and maintenance. Both rely strongly on the Regional Planning Department to carry out needs surveys and other policy and research functions. Some use is made of outside contractors where appropriate.

York Region Non-Profit possesses a total full-time complement of two employees at present (a develcpment coordinator and secretary), while the Waterloo non-profit corporation has no full-time employees. Each organization anticipates bringing on full-time staff as their portfolios grow. At present, they buy most of their services from the Region (eg. legal, accounting, planning) and from outside consultants and other contractors. In both cases, property management will be carried out by outside contractors initially, then assumed internally when the portfolios grow large enough to justify full-time staff.

In most cases, staff are strictly staff of the Regional Housing Corporation. Their salaries are paid through administrative fees obtained through the Non-Profit Housing Program for project development and management. Salary levels and benefits parallel those of other regional employees.

In some cases, staff are staff of the Regional Municipality. In these cases, the Regional Municipality bills the Regional Housing Corporation for their time. There would not appear to be much financial difference in the two approaches. The major difference is that, under the latter scenario, the Regional Municipality may have greater control over staffing levels and budgets than under the former scenario.

There are interesting differences about where the Non-Profit Corporation "fits" under the Regional Organizational Structure. In Metro, Peel and York, the major initiative for establishing the Non-Profit Corporation came from individuals within the Social Services Department. In these cases, the Non-Profit Corporations were initially operated as a division or branch of Social Services. In Waterloo, the initiative came primarily from the Planning Department and the Planning Director currently acts as the General Manager of the Non-Profit Corporation. Metro and Peel eventually established fully independent Housing Departments, while York remains within the Social Services Department and Waterloo remains within the Planning Department.

Once the portfolio of such a Housing Corporation reaches a substantial size, there would appear to be a number of advantages of a separate and independent Housing Department in terms of clear lines of authority, financial accountability, a clearly defined mandate and a distinct image in the community.

Financial Management

All four of the Non-Profit Corporations interviewed pay particular attention to maintaining a healthy financial status. From the interviews and material provided, it appears that the current Non-Profit program has been highly successful in covering any and all municipal costs associated with the development and operation of non-profit housing.

There are two main sources of funds to generate revenues for establishing and operating a Regional Non-Profit Housing Corporation. These are:

- the **organizational fee** which may be charged against the capital budget of a project under development, representing staff time spent on the project;

- the **administrative fee** which may be charged against the operating budget of a project which is managed by the Housing Corporation.

The Ministry of Housing permits an organizational fee of up to 2% of total capital cost when developing a project (unless the project is extremely small, for which a fee of 3-4% may be permitted). Each of the Corporations we interviewed indicated that this fee has proven more than sufficient to cover staff time and associated costs, including charge backs for the use of any Regional staff that may be required to contribute time to project planning and development. All four Corporations have found the Ministry generally co-operative in permitting the full 2% fee to be utilized.

The Ministry permits an administrative fee of up to 6% of project operating costs for property management, as well as additional amounts as required for maintenance, snow clearance, landscaping and other on-going activities. Again, each of the Corporations we interviewed found this sufficient to cover all costs involved. Several of these Corporations have found the Ministry quite "sticky" regarding the 6% and have had many arguments and battles attempting to convince the Ministry to release the full amount. They

have found, in fact, that having the full weight of the Region behind them provides greater clout in successfully arguing their case with the Ministry for receipt of the full funding available.

Overall, each of the Corporations we interviewed indicated that the structure of the Non-Profit Program enables them to operate on a full recovery basis, at no direct cost to the local taxpayer. At one time Metro operated a number of old limited dividend projects at a loss (much like the City of Ottawa currently operates), but eventually Metro was successful in obtaining Ministry of Housing approval to convert these to rent-geared-to-income units fully subsidized by the Federal and Provincial governments, thereby eliminating any local monetary input.

It would appear, therefore, that the financial structure is available to enable a Region of Ottawa-Carleton Non-Profit Housing Corporation to operate on a full recovery basis, should the decision be made to proceed on this basis. Should such a Corporation be formed and incorporate some or all of the City of Ottawa's older projects, it may be possible to follow Metro's example in order to eliminate any local financial contribution. The City of Ottawa, in fact, is already taking steps itself to address this situation.

Relationship with Area Municipalities

As noted earlier, the Boards of Directors of each of the Regional Non-Profit Corporations we interviewed is comprised of representatives of area municipalities. In addition, both York (through its "Affordable and Adequate Housing Committee") and Waterloo (through its "Housing Coalition") maintain on-going information sharing and contact with area municipal staff and interest groups involved in housing. Metro at one time established the Metro Toronto Technical Steering Committee on Housing, but this no longer operates. Peel has no formal linkage. In all areas, of course, there is regular contact and communication between staff at the Region and area municipalities.

From time to time, special committees have been established to oversee the preparation of Regional Housing Needs studies, Regional Housing Policy Statements, and so on. All of the Regions assist local municipalities in undertaking research on housing issues and in maintaining up-to-date information on a variety of housing matters.

Metro's overall role in housing delivery, administration and policy has evolved over several years and is the outcome of a host of decisions and actions undertaken over time. It plays both a delivery function,

through its Housing Corporation, and a strong research and policy function through its Planning Department. Metro also provides a revolving fund to enable non-profit groups to borrow money to secure sites. These loans are repaid out of Non-Profit Program funds when projects are approved.

FULL REGIONALIZATION OF DELIVERY

The central issue in this study is whether the effectiveness of non-profit housing delivery in Ottawa-Carleton, particularly in terms of the quantity and distribution of housing, would be increased by establishing a non-profit housing corporation at the regional level. Later in this report, we will discuss other alternatives - a regional non-profit housing corporation (RNPC) with a limited geographic scope or increased regional involvement at the "front end" of the delivery process. To begin with, however, we discuss full regionalization.

Full regionalization implies the creation of an RNPC which would take responsibility for all future development of housing under municipal auspices. It would also assume ownership and control of all existing MNPC units in the region. Staff of existing MNPCs would probably be transferred to the RNPC. Regional Council could either serve as the Board of Directors or name a Board with a mix of Council and community representatives.

We do not believe that the creation of an RNPC which would include both the urban and rural areas of the Region has any significant advantages. The inclusion of rural areas in an RNPC would have the following disadvantages:

- local volunteer involvement on Boards of Directors would be lost, and the commitment of communities to these projects would be put in doubt;
- given the small scale (24-48 units) and dispersed location of these projects, centralization of administration and maintenance would offer little financial benefit, and could well increase costs;
- except in areas where piped water and sewer services are available, the development of large family-oriented projects which might require greater staff capabilities is not practical.

We therefore recommend that, unless the municipal councils concerned request otherwise, the MNPCs which operate the existing seniors housing projects in Goulbourn, West Carleton, Osgoode, Rideau and the rural portion of Cumberland remain independent of any RNPC that may be created.

AN URBAN AREA REGIONAL NON-PROFIT CORPORATION

A potentially attractive alternative to full regionalization would be for the Regional Municipality to create an RNPC with a mandate to build and manage non-profit housing throughout the portion of Ottawa-Carleton served by the Region's main piped water and sewer systems. The Region would invite urban area municipalities to transfer the assets, staff and unit allocations of existing MNPCs to the RNPC. If an area municipality chose not to transfer its MNPC and the MNPC was effective in delivering non-profit housing for a broad range of target groups within that municipality, the RNPC would not be active within that municipality. It would, however, seek allocations to build non-profit housing in urban municipalities which do not have MNPCs or where the MNPCs (or private non-profits active in that municipality) are not effective in building and operating a "fair share" of non-profit housing.

Advantages

An urban area RNPC has a number of important potential advantages.

First, by establishing a delivery mechanism of its own, Regional Council could act to ensure that region-wide goals with respect to the availability of affordable housing were met, that each area municipality would have its "fair share" of new non-profit housing and that no municipality would lag behind in terms of the availability of this service. Area municipalities would also have a greater degree of assurance that their counterparts would "do their fair share", either through their own initiatives or through the gap filling activities of a regional corporation.

Second, a regional body might take a more determined approach in "selling" the concept of non-profit housing to concerned residents, and be less influenced than area municipality MNPCs by "not in my back yard" considerations.

Third, established non-profit housing sponsors with proven track records (such as Ottawa and Nepean) are better able to secure large allocations. Under Homes Now, they can obtain reserved multi-year allocations of housing units, and a similar approach may be taken in future under the federal/provincial Non Profit Housing Program. Multi-year allocations permit corporations to plan ahead and to modify their plans if difficulties or delays are encountered with respect to a particular proposed project. Other municipalities in

the Region receive allocations only for specific projects. Assuming that Ottawa is willing to transfer City Living to an RNPC, giving it a critical mass of staff and a track record in the eyes of senior levels of government, the RNPC should be in a position to secure allocations (including reserved allocations) which would be larger than for a number of small, separate MNPCs serving the same territory.

Fourth, the housing delivery capability of City Living, which may be greater than the development opportunities now available within the boundaries of the City of Ottawa, could be made available to address housing needs elsewhere in the Region, rather than assembling new staff and repeating the learning curve in other locations. If City Living were not transferred, the RNPC might be able to draw on its experience and credibility by contracting with it for services.

Fifth, it would be simpler for applicants to deal with a single RNPC organization covering a larger geographic area, rather than applying to several separate MNPCs.

Sixth, community representatives stressed the need for social housing delivery to be more effectively integrated with other support services, such as those provided by the Regional departments of Social Services, Health and Homes for the Aged. A housing corporation at the same level of government might have an advantage in achieving such integration.

Seventh, the Regional Municipality may be in a better financial position than area municipalities to provide interim financing for land purchases, prior to a formal commitment from MOH. The ability to purchase land outright, rather than taking an option, may be critical in securing sites.

Finally, existing MNPCs which have been successful could continue to operate, and to enjoy the advantage of close collaboration with area municipality staff and council members.

Disadvantages

On the other hand, our discussions with MNPCs and Council members indicate that there are widespread reservations with respect to regionalization. Three major concerns were expressed.

First, many interviewees in municipalities other than Ottawa expressed the opinion that an RNPC would be inefficient, inflexible and insensitive to the concerns of tenants and local communities. This view seems to

stem more from a negative view of Regional government in general than from specific issues related to housing. Moreover, RNPCs in other regions state that they have adopted active public consultation processes to ensure that local concerns are considered where possible.

Some Council members from other municipalities also have negative perceptions of City Living, which is generally assumed to be the core around which an RNPC would be created. On the other hand, the community groups with which we met and members of Ottawa City Council generally have a positive view of City Living.

Second, there is concern in some quarters that the Region might be expected to take on financial obligations now borne by Ottawa. It should be noted that the current non-profit housing programs ensure that senior levels of government provide full operating subsidies to MNPCs, and should not result in any direct financial burden on municipalities. The experience of RNPCs in other regions and of MNPCs in Ottawa-Carleton (including City Living) confirms that there need not be a financial burden under current programs. City Living's deficits relate essentially to projects which predate either the existing programs or specific program changes, such as the inclusion of single people other than seniors. This objection could be addressed if the City of Ottawa were willing to make a financial contribution to cover an interim period until the deficit on these projects can be eliminated.

The other aspect of financing is the City's practice of providing equity capital and land for certain new projects which cannot be funded completely under existing programs. Indeed, there is some concern among staff and some members of Ottawa City Council that these commitments, which are perceived as necessary, would not be continued by the Region. One way to accommodate such local program needs would be for area municipalities to enter into agreements with the RNPC under which it would build and operate units fully or partially at their expense. There is no assurance, however, that an area municipality would feel the same degree of responsibility to participate in the funding of housing if it did not have its own MNPC.

Finally, cooperation with local municipalities in terms of matters such as land acquisition (particularly as part of the subdivision process), zoning and servicing is regarded as vital. Existing MNPCs tend to believe that an RNPC imposed despite the opposition of many area municipalities might have more difficulty in securing the active cooperation of planning departments and councils within the area municipalities.

Moreover, a regional body may not be as familiar as a local municipality with the availability and the advantages and disadvantages of specific sites.

On the other hand, the municipalities where the urban area RNPC would operate are those:

- which had voluntarily transferred their MNPCs to the Region, and could be expected to cooperate;
- which do not have MNPCs at present; or
- whose MNPCs had not been effective in supplying non-profit housing.

Recommendation

We recommend that the Regional Municipality of Ottawa-Carleton create an RNPC with a mandate to build and manage non-profit housing throughout the urban area served by the Region's main piped water and sewer systems. The Region should invite urban area municipalities to transfer the assets, staff and unit allocations of existing MNPCs to the RNPC. If an area municipality chooses not to transfer its MNPC, and the MNPC is effective in delivering non-profit housing for a broad range of target groups within that municipality, the RNPC should not be active within that municipality. It should, however, seek allocations to build non-profit housing in urban municipalities which do not have MNPCs[4], or where the MNPCs (or private non-profits active in that municipality) are not effective in building and operating a "fair share" of non-profit housing.

The RNPC should operate on the following principles:

- the RNPC would be required to operate within the constraints of provincial funding, except to the extent that the area municipality where housing is or will be located agrees to contribute financially either to capital or operating costs;
- the RNPC Board of Directors would include Council members or community representatives from the areas where the RNPC is expected to be active;
- processes for consultation with the councils, staff and residents of area municipalities concerned and with private non-profit and cooperative producers should be developed;

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[4] In principle, this should include Rockcliffe Park. In practice, the cost and lack of availability of land and the lack of local demand make it unlikely that non-profit units would be built in that municipality.

- the Region would provide a revolving fund for land assembly purposes. This land would be sold or leased to the RNPC or other non-profit housing providers on a full cost recovery basis;

- the RNPC should not hire permanent staff, at least initially, beyond those which may be transferred from existing MNPCs. Instead, it should contract with existing MNPCs, private non-profits or consultants in the Region for any additional development or property management services it requires.

If a decision is taken to create an RNPC, there will be a need to develop a detailed implementation plan which will address issues such as the transfer of existing units, allocations and staff from existing MNPCs; organizational structures and relationships; the area municipalities to be covered initially; the composition of the Board of Directors; and financial arrangements with participating municipalities. One aspect of the implementation planning process would be a more detailed examination of City Living's finances, including its relationships with the Department of Housing and Property.

STRENGTHENING THE REGION'S FRONT-END ROLE

There is general agreement among those with whom we met that the region should continue to be involved in housing policy and in related research functions such as conducting needs surveys. If the status quo is maintained with respect to delivery, or if an RNPC is created on a "gap filling" basis only, there are a number of areas where greater regional involvement could be constructive.

First, the allocation of units among the various municipalities has been determined in large part by their relative interest and effectiveness in lobbying senior levels of government. There is no assurance that the resulting distribution of allocations reflects any concept of "fair shares". The Regional Municipality could gather the various MNPCs together to agree upon a common strategy with respect to the number of units to be sought in total and for each municipality. The Regional Housing Statement now in preparation may be a vehicle to begin such discussions.

Second, the Regional Municipality should establish principles, for example through the Regional Housing Statement or the Official Plan, with respect to the distribution of affordable housing, and specifically of municipal and other non-profit housing, among municipalities in the urban area of the Region. This approach is consistent with the new provincial policy on affordable housing. The performance of area municipalities with respect to these principles should be taken into account where appropriate in regional decisions with respect to servicing, the approval of plans of subdivision, or other matters.

Third, the Regional Municipality, in cooperation with the area municipalities, should assist MNPCs and third sector producers in identifying and acquiring sites for non-profit housing. Its role could include:

- the use of the subdivision approval process to ensure that approved principles with respect to the distribution of affordable housing are being carried out;
- giving priority to non-profit housing in the disposal of any surplus Regional property, in leasing air rights over the transitway, or in major acquisitions of surplus land from other levels of government;
- establishing a revolving fund to purchase land for resale (or lease) to MNPCs or other non-profit producers at cost.

The level of Regional involvement in land acquisition will depend on whether its role is restricted to the purchase and near-term sale (or lease) of land at cost, or whether it is prepared either to resell land below cost to assist MNPCs in operating within the Maximum Unit Price (MUP) constraints imposed by senior levels of government, or to bank land for future resale (or lease) to MNPCs based of historic costs. These are broader policy questions which go beyond our mandate. The Regional Municipality may also want to consider, as a policy issue, the waiving or reduction of regional development charges on land used for non-profit housing.